



STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE SERVICES
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Effective Date: November 18, 2016

Duration: Indefinitely

**Workforce Services Policy – Re-allotment of Formula Funds
TN-WIOA (16-15)**

Subject:

Policy Procedure(s) for Recapture and Re-allotment of Program Formula Funds

Purpose:

To provide the Local Workforce Development Boards (LWDB) with Tennessee Department of Labor and Workforce Development's (State) policy procedures for re-allotment of program formula funds. Consistent with **WIOA Section 127(c) and 132(c)**, the State will recapture and reallocate program formula funds based on the levels at the end of the first program year of use. The obligation threshold a LWDB must meet to avoid recapture under this policy is eighty percent (80%).

Scope:

Office of the Governor, Tennessee Department of Labor and Workforce Development (TDLWD), Tennessee Department of Economic and Community Development (TDECD), Tennessee Department of Education (TDOE), Tennessee Eligible Training Providers List (ETPL), Department of Human Services (TDHS), Tennessee Department of State (TDS), Adult Education (AE), Rehabilitation Services (RS), Office of Registered Apprenticeship (RA), State Workforce Development Board (SWDB), Division of Workforce Services (WFS), Regional Council (RC), American Job Center (AJC), American Job Center Operator (AJC Operator), American Job Center Access Point (AJC Access Point), Workforce Innovation and Opportunity Act (WIOA), Local Workforce Development Boards (LWDBs), Local Workforce Development Areas (LWDAs), other Workforce System Subrecipients (Subrecipients), Workforce System Partners (Partners) Training and Employment Guidance Letter (TEGL).

Reference:

WIOA Section 127(c)(2); WIOA Section 132(c); TEGL 17-15; 2 CFR 200.71; and 20 CFR Part 667.150

Background:

WIOA Section 127(c)(5) requires the Governor of each State to prescribe uniform procedures for the obligation of funds by local areas within the State in order to avoid the requirement that funds be made available for reallotment under this subsection. The Governor shall further prescribe equitable procedures for making funds available from the State and local areas in the event that a State is required to make funds available for re-allotment under this subsection. Allocations to the local areas will be subject to the same re-allotment requirements.

Instructions:

Tennessee Department of Labor and Workforce Development's (State) reallotment policy procedure is as follows:

- (a) The first reallotment of funds among LWDA's will occur during Program Year 2017 based on obligations in Program Year 2016.
- (b) The State determines, during the first quarter of the PY based on the LWDA June quarterly reports, whether a local area has obligated its required level of at least 80 percent of the funds allotted under **WIOA Sections 127 and 132** for programs serving youth, adults, and dislocated workers for the prior year, as separately determined for each of the three funding streams. Unobligated balances are determined based on allotments adjusted for any allowable transfer between the adult and dislocated worker funding streams. The amount to be recaptured from each LWDA for reallotment, if any, is based on the LWDA obligations of the funds allotted to each local area under **WIOA Sections 127 and 132** for programs serving youth, adults, or dislocated workers, less any amount reserved for the costs of administration (up to 10 percent). This amount, if any, is separately determined for each funding stream.
- (c) The State reallots youth, adult and dislocated worker funds among eligible LWDA's in accordance with the provisions of **WIOA Sections 127(c) and 132(c)**, respectively. To be eligible to receive a reallotment of youth, adult, or dislocated worker funds under the reallotment procedures, a local area must have obligated at least 80 percent of the prior program year's allotment, less any amount reserved for the costs of administration of youth, adult, or dislocated worker funds. An LWDA's eligibility to receive a reallotment is separately determined for each funding stream.

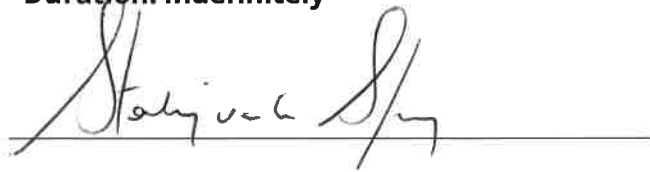
- (d) When used in connection with a non-Federal entity's utilization of funds under a Federal award, the term obligations as defined in **2 CFR 200.71** means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period.
- (e) If a LWDA has not met the 80 percent threshold, the LWDA could potentially have funds recaptured and reallocated to LWDA's who have met the 80 percent obligation rate.
- (f) Should the state have funds recaptured for re-allotment to other states, the funds will be recaptured from Statewide and/or Rapid Response funds from the respective funds allotted under **WIOA Sections 127 and 132**.
- (g) Attachment A: Program Recapture Calculations

Contact:

For questions regarding this policy contact Nicholas Bishop, Director of Compliance and Policy-Division of Workforce Services, at (615) 741-0286 or Nicholas.Bishop@tn.gov

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A handwritten signature in cursive script, appearing to read "Sterling van der Spuy", is written over a horizontal line.

Sterling van der Spuy, Administrator

Recapture Calculations

Recapture Methodology:

A. Formula for Recapture Threshold = (Original Allotments +/- Recap/Reallot - Rescissions - Financial Sanctions - Local DW Admin authorized)*.8

B. Formula for Obligation Comparison to Threshold = (Local DW Oblig - Local DW Admin Oblig)

If B > A, then no recapture

If B < A, then recapture A-B

Notes:

1. Section 667.150 of the regulations provides that the recapture calculations exclude the reserve for state admin
2. The maximum local area DW admin authorized is 10%, calculated on total year funds, not each fund year
3. When calculating the local DW admin authorized or obligated, LWDAs do not get to take 10% admin out of the reallotted recapture funds they received. Per Sec. 134(a)(3)(B)(i) of WIOA
4. Recapture is calculated on the total operating program year amount (PY+FY). It is not calculated on the individual PY/FY fund years.

CALCULATIONS

Local Area may override Blue calculation estimates with actual state admin costs authorized and obligated to get a more accurate picture of Recapture.

A. Recapture Threshold:

	YOUTH			ADULT			DISLOCATED WORKER		
	PY		Total	PY	FY	Total	PY	FY	Total
+ Original Allotments	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Recaptured Funds Reduction (enter as negative)	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
+ Reallotted funds Received	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Any Rescission (enter as negative)	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Financial Sanctions (enter as negative, none in PY15)	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
-Local Admin Authorized (= Max 10% as an estimate scenario)			0.00			0.00			0.00
Subtotal			0.00			0.00			0.00
80% Threshold			0.00			0.00			0.00

B. Obligations

	PY		Total	PY	FY	Total	PY	FY	Total
+Local DW Oblig	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
+ Rapid Response Oblig	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Local Area Admin Oblig (=Max 10% Limited by Actual Obligations as an Estimate Scenario)			0.00			0.00			0.00
Subtotal			0.00			0.00			0.00

ESTIMATED Statewide Admin Obligations

Calculate Admin Oblig:

Max 10% Local Area Admin Oblig			0.00			0.00			0.00
Actual Reported Local Area Oblig (is a limit)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Max limited by Actual (Used in calculation above)			0.00			0.00			0.00

Estimated Amount of Recapture

0.00

0.00

0.00